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REGISTRATION NO. _____ Filed & Recorded
JUN 8 1976 4:30 PM
INTERSTATE COMMERCE COMMISSION

LEASE OF RAILROAD EQUIPMENT

Between

GREAT AMERICAN INSURANCE COMPANY

As Lessor

and

PICKENS RAILROAD COMPANY

As Lessee

Dated as of June 3 , 1976

(Covering 39 70-ton 50-foot Box Cars)

LEASE OF RAILROAD EQUIPMENT

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* This Table of Contents has been included in this document for convenience only and does not form a part of or affect any construction or interpretation of this document.

MASTER LEASE OF RAILROAD EQUIPMENT
dated as of June 3, 1976,
between GREAT AMERICAN INSURANCE
COMPANY, a New York corporation
(hereinafter called the Lessor), and
PICKENS RAILROAD COMPANY, a South
Carolina corporation (hereinafter
called the Lessee).

WHEREAS, the Lessor simultaneously with the execution of this Lease has entered into a Purchase Agreement dated as of June 3, 1976 (hereinafter called Purchase Agreement), with NATIONAL RAILWAY UTILIZATION CORPORATION (hereinafter called the Builder), wherein the Builder has agreed to manufacture, sell and deliver to the Lessor the railroad equipment described in Annex A hereto; and

WHEREAS, the Lessee desires to lease all the units of such equipment or such lesser number as are delivered, accepted and settled for under the Purchase Agreement on or prior to August 20, 1976 (hereinafter called the Units), at the rentals and for the terms and upon the conditions hereinafter provided;

NOW, THEREFORE, in consideration of the premises and of the rentals to be paid and the covenants hereinafter mentioned to be kept and performed by the Lessee, the Lessor hereby leases the Units to the Lessee upon the following terms and conditions:

S 1. Delivery and Acceptance of Units. The Lessor hereby appoints the Lessee its agent for inspection and acceptance of the Units pursuant to the Purchase Agreement. The Lessor will cause each Unit to be delivered to the Lessee at the point or points within the United States of America at which such unit is delivered to the Lessor under the Purchase Agreement. Upon such delivery, the Lessee, at its own expense, will cause an authorized representative of the Lessee to inspect the same, and if such Unit is found to be acceptable, to accept delivery of such Unit and to execute and deliver to the Lessor and to the Builder a certificate of acceptance (hereinafter called the Certificate of Acceptance) in accordance with the provisions of Article 2 of the Purchase Agreement, stating that such Unit has been delivered, inspected and accepted on behalf of the Lessee and the Lessor on the date of such Certificate of Acceptance and is marked in accordance with S 4 hereof; whereupon such Unit shall be deemed to have been delivered to and accepted by the Lessee and shall be subject thereafter to all the terms and conditions of this Lease. It is contemplated that the Units will be delivered to Lessor in multiple take downs.

S 2. Rentals. Lessee shall pay to the Lessor, as rental for the Units, the following amounts:

(a) Until such date as all Units set forth on Annex A have become subject to this Lease by delivery to and acceptance by Lessee as set forth in S 1 hereof, which date will be no later than August 20, 1976 (hereinafter called Rental Commencement Date), Lessee shall pay to Lessor, as to each Unit from the date on which it is delivered and accepted, interest on the Purchase Price of the Unit as defined in the Purchase Agreement (hereinafter called Final Base Price) at the rate of 13 % per annum, the first installment of said interest due upon the first monthly anniversary date of the day on which such Unit first became subject to this Lease pursuant to the provisions of S 1 hereof, and like installments being due on the same day of each month thereafter through Rental Commencement Date, with per diem interest payable for any partial month.

(b) Upon the first monthly anniversary date of Rental Commencement Date, and upon the same day of each of the following 119 months, Lessee shall pay to Lessor an amount equal to the Final Base Price of all Units then subject to the Lease multiplied by 1.4931 %.

If any rental payment is not made within Fifteen (15) days after due date, Lessee agrees to pay interest at the rate of 15% per annum on and in addition to all rentals then delinquent, but not exceeding the lawful maximum, if any.

All rental payments shall be made to Lessor in immediately available Cincinnati, Ohio or Federal funds in Cincinnati, not later than 11:00 P.M. Cincinnati, Ohio time. Lessee shall confirm the making of each rental payment on the date of such payment, said confirmation to be in writing, deposited in the United States mails, First Class postage prepaid, addressed to (i) American Money Management, One East Fourth Street, Cincinnati, Ohio 45202, Attention: Allen Davis, and (ii) Itel Corporation, One Embarcadero Center, San Francisco, California 94111, Attention: Mike Canizzaro.

This Lease is a net lease and the Lessee shall not be entitled to any abatement of rent, reduction thereof or set-off against rent, including, but not limited to, abatements, reductions or set-offs due or alleged to be due by reason of any past, present or future claims of the Lessee against the Lessor under this Lease, or the Builder, or any financial institution providing funds to Lessor for the purpose of financing or refinancing the Units (hereinafter called Secured Party), or otherwise; nor, except as otherwise expressly provided herein, shall this Lease terminate, or the respective obligations of the Lessor or the Lessee be otherwise affected, by reason of any defect in or damage to or loss of possession or Loss of use

or destruction of all or any of the Units from whatsoever cause, any liens, encumbrances or rights of others with respect to any of the Units, the prohibition of or other restriction against the Lessee's use of all or any of the Units, the interference with such use by any person or entity, the invalidity or unenforceability or lack of due authorization of this Lease, any insolvency of or the bankruptcy, reorganization or similar proceeding against the Lessee, or for any other cause whether similar or dissimilar to the foregoing, any present or future laws to the contrary notwithstanding, it being the intention of the parties hereto that the rents and other amounts payable by the Lessee hereunder shall continue to be payable in all events in the manner and at the times herein provided, unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease. To the extent permitted by applicable law, the Lessee hereby waives any and all rights which it may now have or which at any time hereafter may be conferred upon it, by statute or otherwise to terminate, cancel, quit or surrender the lease of any of the Units except in accordance with the express terms hereof. Each rental or other payment made by the Lessee hereunder shall be final and the Lessee shall not seek to recover all or any part of such payment from the Lessor for any reason whatsoever.

S 3. Term of Lease. The term of this Lease as to each Unit shall begin on the date of the delivery to and acceptance by the Lessee of such Unit and, subject to the provisions of SS 6 and 9 hereof, shall terminate Ten (10) years from Rental Commencement Date.

S 4. Identification Marks. The Lessee will cause each Unit to be kept numbered with the identifying number set forth in Annex A hereto, or in the case of any Unit not therein listed, such identifying number as shall be set forth in any amendment or supplement hereto extending this Lease to cover such Unit, and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of each Unit, in letters not less than one inch in height, the following words:

"GREAT AMERICAN INSURANCE COMPANY, Owner/Lessor"

or other appropriate words designated by the Lessor, with appropriate changes hereof and additions thereto as from time to time may be required by law in order to protect the Lessor's and Secured Party's title to and property in such Unit and the rights of the Lessor under this Lease. The Lessee will not place any such Unit in operation or exercise any control or dominion over the same until such names and words shall have been so marked on both sides thereof and will replace promptly any such names and words which may be removed, defaced or destroyed. The Lessee will not change the identifying number of any Unit unless and until (i) a statement of a new number or numbers to be substituted therefor shall have been

filed with Secured Party and the Lessor and filed, recorded and deposited by the Lessee in all public offices where this Lease shall have been filed, recorded and deposited and (ii) the Lessee shall have furnished to Secured Party and the Lessor an opinion of counsel to the effect set forth in subparagraph C of S 14 hereof in respect of such statement.

Except as above provided, the Lessee will not allow the name of any person, association or corporation to be placed on any Unit as a designation that might be interpreted as a claim of ownership; provided, however, that the Lessee may cause the Units to be lettered with the names or initials or other insignia customarily used by the Lessee or its affiliates on railroad equipment used by them of the same or a similar type for convenience of identification of their rights to use the Units as permitted under this Lease.

S 5. Taxes. All payments to be made by the Lessee hereunder will be free of expense to the Lessor for collection or other charges and will be free of expense to the Lessor with respect to the amount of any local, state, federal or foreign taxes (other than any United States Federal income tax (and, to the extent that the Lessor receives credit therefor against its United States Federal income tax liability, any foreign income tax) payable by the Lessor in consequence of the receipt of payments provided for herein and other than the aggregate of all state, county or city income taxes or franchise taxes measured by net income based on such receipts or gross receipts taxes (other than gross receipts taxes in the nature of sales or use taxes), up to the amount of any such taxes which would be payable to the state, county and city in which the Lessor has its principal place of business without apportionment to any other state, except any such tax which is in substitution for or relieves the Lessee from the payment of taxes which it would otherwise be obligated to pay or reimburse as herein provided), or license fees, assessments, charges, fines or penalties (all such expenses, taxes, license fees, assessments, charges, fines and penalties being herein-after called impositions) hereinafter levied or imposed upon or in connection with or measured by this Lease or any sale, rental, use, payment, shipment, delivery or transfer of title under the terms hereof, all of which impositions the Lessee assumes and agrees to pay on demand in addition to the payments to be made by it provided for herein. The Lessee will also pay promptly all impositions which may be imposed upon any Unit or for the use or operation thereof or upon the earnings arising therefrom (except as provided above), or upon the Lessor solely by reason of its ownership thereof and will keep at all times all and every part of such Unit free and clear of all impositions which might in any way affect the title of the Lessor or result in a lien upon any such Unit; provided, however, that the Lessee shall be under no obligation to pay any impositions so long as it is contesting in good faith

and by appropriate legal proceedings such impositions and the nonpayment thereof does not, in the opinion of the Lessor, adversely affect the title, property or rights of the Lessor hereunder or the Secured Party. If any impositions shall have been charged or levied against the Lessor directly and paid by the Lessor, the Lessee shall reimburse the Lessor on presentation of an invoice therefor.

In the event that, during the continuance of this Lease, the Lessee becomes liable for the payment or reimbursement of any imposition pursuant to this S 5, such liability shall continue, notwithstanding the expiration of this Lease, until all such impositions are paid or reimbursed by the Lessee.

S 6. Payment for Casualty Occurrences; Insurance. In the event that any Unit shall be or become worn out, lost, stolen, destroyed, or irreparably damaged, from any cause whatsoever, or taken or requisitioned by condemnation or otherwise (such occurrences being hereinafter called Casualty Occurrences), during the term of this Lease, the Lessee shall, within 30 days after it shall have determined that such Unit has suffered a Casualty Occurrence, fully notify the Lessor and Secured Party with respect thereto. The Lessee shall, on the monthly rental payment date next succeeding notice of the Casualty Occurrence, pay to the Lessor or Secured Party as directed, a sum equal to (i) the aggregate Casualty Value (as hereinafter defined) of such Unit as of the date of such payment in accordance with Annex B hereto referred to below and (ii) the arrears rental payable monthly for such Unit which has accrued to such rental payment date. Concurrently with each payment of Casualty Value pursuant to this S 6 the Lessee shall file with the Lessor and Secured Party a certificate of an officer of the Lessee setting forth the Casualty Value of each Unit as to which such payment is being made. Upon the making of such payment by the Lessee in respect of any Unit, the rental for such Unit shall cease to accrue, the term of this Lease as to such Unit shall terminate and (except in the case of the loss, theft or complete destruction of such Unit) the Lessor shall be entitled to recover possession of such Unit. The Lessor hereby appoints the Lessee its agent to dispose of any Unit suffering a Casualty Occurrence or any component thereof, at the best price obtainable on an "as is, where is" basis. Provided that the Lessee has previously paid the Casualty Value to the Lessor, the Lessee shall be entitled to the proceeds of such sale to the extent they do not exceed the Casualty Value of such Unit and shall pay any excess to the Lessor less reasonable expenses of disposition.

The Casualty Value of each Unit as of the payment date on which payment is to be made as aforesaid shall be that percentage of the Final Base Price of such Unit as is set forth in Annex B hereto opposite the number of such payment date.

Except as hereinabove in this S 6 provided, the Lessee shall not be released from its obligations hereunder in the event of, and shall bear the risk of, any Casualty Occurrence to any Unit after delivery to and acceptance thereof by the Lessee hereunder.

Any condemnation payments received by the Lessor in respect of Units suffering a Casualty Occurrence shall be deducted from the amounts payable by the Lessee to the Lessor in respect of Casualty Occurrences pursuant to this S 6. If the Lessor shall receive any such condemnation payments after the Lessee shall have made payments pursuant to this S 6 without deduction for such condemnation payments, the Lessor shall pay such condemnation payments to the Lessee up to an amount equal to the Casualty Value with respect to a Unit paid by the Lessee and any balance of such condemnation payments shall remain the property of the Lessor.

The Lessee will procure, maintain and pay for all risk, physical loss and damage insurance in an amount equal at all times to the Casualty Value of the Units then subject to this Lease during the term hereof and during the redelivery of any such Units pursuant to SS 10 and 13 hereof. The Lessee warrants that the foregoing insurance coverage shall be in effect at the execution of this Lease. Such insurance shall name as additional insureds (as their interests may appear) and as the sole loss payees the Lessor and/or any holder of a security interest in the Units. Such insurance shall provide that it cannot be canceled except upon 30 days' prior written notice to the Lessor and any holder of a security interest in the Units.

S 7. Reports. On or before March 31 in each year, commencing with the year 1977, the Lessee will furnish to the Lessor and Secured Party an accurate statement (a) setting forth as at the preceding December 31 the amount, description and numbers of the Units then leased hereunder, the amount, description and numbers of all Units that have suffered a Casualty Occurrence or are then undergoing repairs (other than running repairs) or have been withdrawn from use pending repairs (other than running repairs) during the preceding calendar year (or since the date of this Lease, in the case of the first such statement) and such other information regarding the condition and state of repair of the Units as the Lessor or Secured Party may reasonably request and (b) stating that, in the case of all Units repaired or repainted during the period covered by such statement, the numbers and markings required by S 4 hereof have been preserved or replaced. The Lessor and Secured Party shall have the right by their respective agents, to inspect the Units and the Lessee's records with respect thereto, at such reasonable times as the Lessor or Secured Party may request during the continuance of this Lease.

S 8. Disclaimer of Warranties; Compliance with Laws and Rules; Maintenance; and Indemnification. The Lessor makes no warranty or representation, either express or implied, as to the design or condition of, or as to the quality of the material, equipment or workmanship in, the Units delivered to the Lessee hereunder, and the Lessor makes no warranty of merchantability or fitness of the Units for any particular purpose or as to title to the Units or any component thereof, it being agreed that all such risks, as between the Lessor and the Lessee, are to be borne by the Lessee; but the Lessor hereby irrevocably appoints and constitutes the Lessee its agent and attorney-in-fact during the term of this Lease to assert and enforce from time to time, in the name of and for account of the Lessor and/or the Lessee, as their interests may appear, whatever claims and rights the Lessor may have against the Builder under the provisions of the Purchase Agreement. The Lessee's delivery of a Certificate of Acceptance shall be conclusive evidence as between the Lessee and the Lessor that all Units described therein are in all the foregoing respects satisfactory to the Lessee, and the Lessee will not assert any claim of any nature whatsoever against the Lessor based on any of the foregoing matters.

The Lessee agrees, for the benefit of the Lessor and Secured Party, to comply in all respects (including, without limitation, with respect to the use, maintenance and operation of each Unit) with all laws of the jurisdictions in which its operations involving the Units may extend, with the interchange rules of the Association of American Railroads and with all lawful rules of the Department of Transportation, the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Units, to the extent that such laws and rules affect the title, operation or use of the Units, and in the event that such laws or rules require any alteration, replacement or addition of or to any part on any Unit, the Lessee will conform therewith at its own expense; provided, however, that the Lessee may, in good faith, contest the validity or application of any such law or rule in any reasonable manner which does not, in the opinion of the Lessor or Secured Party, adversely affect the property or rights of the Lessor or Secured Party hereunder.

The Lessee agrees that, at its own cost and expense, it will maintain and keep each Unit which is subject to this Lease in good order and repair and faithfully meet its obligations in respect of the condition of the Units upon expiration of the term of this Lease as set out in S 13 hereof.

Any and all additions to any Unit and any and all parts installed on and additions and replacements made to any Unit shall constitute accessions to such Unit and, at the cost and expense of the Lessee, full

ownership thereof free of any lien, charge, security interest or other encumbrance shall immediately be vested in the Lessor and the Secured Party as their respective interests appear in the Unit itself.

The Lessee agrees to indemnify, protect and hold harmless the Lessor and Secured Party from and against all losses, damages, injuries, liabilities, claims and demands whatsoever, regardless of the cause thereof, and expenses in connection therewith, including, but not limited to, counsel fees and expenses, patent liabilities, penalties and interest, arising out of or as the result of the entering into or the performance of this Lease, the ownership of any Unit, the ordering, acquisition, use, operation, condition, purchase, delivery, rejection, storage or return of any Unit or any accident in connection with the operation, use, condition, possession, storage or return of any Unit resulting in damage to property or injury or death to any person, except as otherwise provided in S 13 of this Lease. The indemnities arising under this paragraph shall continue in full force and effect notwithstanding the full payment of all obligations under this Lease or the termination of this Lease.

The Lessee agrees to prepare and deliver to the Lessor within a reasonable time prior to the required date of filing (or, to the extent permissible, file on behalf of the Lessor) any and all reports (other than income tax returns) to be filed by the Lessor with any federal, state or other regulatory authority by reason of the ownership by the Lessor of the Units or the leasing thereof to the Lessee.

S 9. Default. If, during the continuance of this Lease, one or more of the following events (each such event being hereinafter sometimes called an Event of Default) shall occur:

A. default shall be made in the payment of any part of the rental provided in S 2 hereof, and such default shall continue for fifteen days;

B. the Lessee shall make or permit any unauthorized assignment or transfer of this Lease or of possession of the Units, or any thereof;

C. Lessee shall default under the provisions of S 6;

D. default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of the Lessee contained herein, and

such default shall continue for 30 days after written notice from the Lessor to the Lessee specifying the default and demanding that the same be remedied;

E. a petition for reorganization under Section 77 of the Bankruptcy Act, as now constituted or as such Section 77 may hereafter be amended, shall be filed by or against the Lessee and, unless such petition shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Lessee under this Lease shall not have been and shall not continue to have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees appointed (whether or not subject to ratification) in such proceedings in such manner that such obligations shall have the same status as obligations incurred by such trustee or trustees, within 30 days after such appointment, if any, or 60 days after such petition shall have been filed, whichever shall be earlier; or

F. any other proceedings shall be commenced by or against the Lessee for any relief which includes, or might result in any modification of the obligations of the Lessee hereunder under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustments or indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustments of the obligations of the Lessee hereunder), and, unless such proceedings shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Lessee under this Lease shall not have been and shall not continue to have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed (whether or not subject to ratification) for the Lessee or for the property of the Lessee in connection with any such proceedings in such manner that such obligations shall have the same status as obligations incurred by such a trustee or trustees or receiver or receivers, within 30 days after such appointment, if any, or 60 days after such proceeding shall have been commenced, whichever shall be earlier;

then, in any such case, the Lessor, at its option may:

(a) proceed by appropriate court action or actions, either at law or in equity, to enforce performance by the Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof including net after-tax losses of Federal and state income tax benefits to which the Lessor would otherwise be entitled under this Lease; or

(b) by notice in writing to the Lessee terminate this Lease, whereupon all rights of the Lessee to the use of the Units shall absolutely cease and determine as though this Lease had never been made, but the Lessee shall remain liable as hereinafter provided; and thereupon the Lessor may by its agents enter upon the premises of the Lessee or other premises where any of the Units may be and take possession of all or any of such Units and thenceforth hold, possess and enjoy the same free from any right of the Lessee, or its successors or assigns, to use the Units for any purposes whatever; but the Lessor shall, nevertheless, have a right to recover from the Lessee any and all amounts which under the terms of this Lease may be then due or which may have accrued to the date of such termination (computing the rental for any number of days less than a full rental period by multiplying the rental for such full rental period by a fraction of which the numerator is such number of days and the denominator is the total number of days in such full rental period) and also to recover forthwith from the Lessee (i) as damages for loss of the bargain and not as a penalty, a sum, with respect to each Unit, which represents the excess of (x) the present value, at the time of such termination, of the entire unpaid balance of all rentals for such Unit which would otherwise have accrued hereunder from the date of such termination to the end of the term of this Lease as to such Unit over (y) the then present value, if any, of the rentals which the Lessor reasonably estimates to be obtainable by the Lessor for the use of the Unit during such period, such present value to be computed in each case on a basis of 6% per annum discount, compounded monthly from the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated, (ii) any damages and expenses, including reasonable attorney's fees, in addition thereto which the Lessor shall have sustained by reason of the breach of any covenant, representation or warranty of this Lease other than for the payment of rental, and (iii) an amount which, after

deduction of all taxes required to be paid by the Lessor in respect of the receipt thereof under the laws of the United States or any political subdivision thereof, shall, in the reasonable opinion of the Lessor, cause the Lessor's after tax rate of return under this Lease to be equal to the after tax rate of return that would have been available to the Lessor if it had been entitled to utilization of all or such portion of the Depreciation Deduction (as defined in S 15 hereof) lost, not claimed, not available for claim, disallowed or recaptured by or from the Lessor as a result of the breach of one or more of the representations, warranties and covenants made by the Lessee in S 15 or any other provision of this Lease or the sale or other disposition of the Lessor's interest in any Unit after the occurrence of an Event of Default, plus such sum as shall, in the reasonable opinion of the Lessor, cause the Lessor's after tax rate of return under this Lease to be equal to the after tax rate of return that would have been available to the Lessor if it had been entitled to utilization of all or such portion of the Interest Deduction (as defined in S 15 hereof) which was lost, not claimed, not available for claim or disallowed or recaptured in respect of a Unit as a result of the breach of one or more of the representations, warranties and covenants made by the Lessee in S 15 or any other provision of this Lease, the inaccuracy of any statement in any letter or document furnished to the Lessor by the Lessee, the termination of this Lease, the Lessee's loss of the right to use such Unit or the sale or other disposition of the Lessor's interest in such Unit after the occurrence of an Event of Default, plus such sum as shall, in the reasonable opinion of the Lessor, cause the Lessor's after tax rate of return under this Lease to be equal to the after tax rate of return that would have been available to the Lessor if it had been entitled to utilization of all or such portion of the Investment Tax Credit (as defined in S 15 hereof) which was lost, not claimed, not available for claim or disallowed or recaptured in respect of a Unit as a result of the breach of one or more of the representations, warranties and covenants made by the Lessee in S 15 or any other provision of this Lease, the inaccuracy of any statement in any letter or document furnished to the Lessor by the Lessee, the termination of this Lease, the Lessee's loss of the right to use such Unit or the sale or other disposition of the Lessor's interest in such Unit after the occurrence of an Event of Default.

The remedies in this Lease provided in favor of the Lessor shall not

be deemed exclusive, but shall be cumulative, and shall be in addition to all other remedies in its favor existing at law or in equity. The Lessee hereby waives any mandatory requirements of law, now or hereafter in effect, which might limit or modify the remedies herein provided, to the extent that such waiver is not, at the time in question, prohibited by law. The Lessee hereby waives any and all existing or future claims to any offset against the rental payments due hereunder and agrees to make rental payments regardless of any offset or claim which may be asserted by the Lessee or on its behalf.

The failure of the Lessor to exercise the rights granted it hereunder upon the occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or recurrence of any such contingencies or similar contingencies.

S 10. Return of Units Upon Default. If this Lease shall terminate pursuant to S 9 hereof, the Lessee shall forthwith deliver possession of the Units to the Lessor. For the purpose of delivering possession of any Unit or Units to the Lessor as above required, the Lessee shall, at its own cost, expense and risk:

A. forthwith and in the usual manner (including but not by way of limitation, giving prompt telegraphic and written notice to the Association of American Railroads and all railroads to which any Unit or Units have been interchanged to return the Unit or Units so interchanged) place such Units upon such storage tracks of the Lessee or such other premises as the Lessor reasonably may designate, or, in the absence of such designation, as the Lessee may select; provided, however, that such storage on the tracks of the Lessee will not be required if such storage will interfere with the operations of the railroad of the Lessee;

B. permit the Lessor to store such Units on such tracks or other premises at the risk of the Lessee until such Units have been sold, leased or otherwise disposed of by the Lessor; and

C. transport the same to any place on the lines of railroad operated by the Lessee or any of its affiliates or to any connecting carrier for shipment, all as directed by the Lessor.

The assembling, delivery, storage and transporting of the Units as hereinbefore provided shall be at the expense and risk of the Lessee and are of the essence of this Lease, and upon application to any court of equity having jurisdiction

in the premises the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Units. During any storage period, the Lessee will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of any such Unit, to inspect the same; provided, however, that the Lessee shall not be liable, except in the case of negligence of the Lessee or of its employees or agents, for any injury to, or the death of, any person exercising, either on behalf of the Lessor or any prospective purchaser, the rights of inspection granted under this sentence. In the event that the Units or any thereof are sold pursuant to the exercise of the Lessor's remedies hereunder or Secured Party's remedies under its security interest, the Lessee shall pay to the Lessor or Secured Party the per diem interchange for each such Unit which shall not have been assembled, delivered and stored, as hereinbefore provided, by the date of such sale for each day from the date of such sale to the date of delivery to the purchaser thereof. The Lessee agrees to provide the storage facilities for the Lessor and Secured Party as required for preparation and sale of the Units and to permit inspection of the Units.

Without in any way limiting the obligation of the Lessee under the foregoing provisions of this S 10, the Lessee hereby irrevocably appoints the Lessor as the agent and attorney of the Lessee, with full power and authority, at any time while the Lessee is obligated to deliver possession of any Unit to the Lessor, to demand and take possession of such Unit in the name and on behalf of the Lessee from whomsoever shall be in possession of such Unit at the time.

S 11. Assignment; Possession and Use. This Lease shall be assignable in whole or in part by the Lessor without the consent of the Lessee, but the Lessee shall be under no obligation to any assignee of the Lessor except upon written notice of such assignment from the Lessor.

So long as there shall be no default under this Lease, the Lessee shall be entitled to the possession and use of the Units in accordance with the terms of this Lease, but, without the prior written consent of the Lessor and Secured Party, the Lessee shall not assign or transfer its leasehold interest under this Lease in the Units or any of them. The Lessee, at its own expense, will promptly pay or discharge any and all sums claimed by any party which, if unpaid, might become a lien, charge, security interest or other encumbrance (other than an encumbrance created by the Lessor or Secured Party not related to the ownership of the Units) upon or with respect to any Unit, including any accession thereto, or the interest of the Lessor, the Secured Party or the Lessee therein, and will promptly discharge any such lien, claim, security interest or other encumbrance which arises. The Lessee shall not, without

the prior written consent of the Lessor and Secured Party, part with the possession or control of, or suffer or allow to pass out of its possession or control, any of the Units, except to the extent permitted by the provisions of the next succeeding paragraph hereof.

So long as there shall be no default under this Lease, the Lessee shall be entitled to the possession of the Units and shall be entitled (i) to the use of the Units by it or any affiliate upon lines of railroad owned or operated by it or any affiliate or upon lines of railroad over which the Lessee or any such affiliate has trackage or other operating rights or over which railroad equipment of the Lessee or any such affiliate is regularly operated pursuant to contract, (ii) to permit the use of the Units upon connecting and other carriers in the usual interchange of traffic or pursuant to run-through agreements and (iii) to sublease any Unit or Units to other companies incorporated under the laws of any state of the United States or the District of Columbia, for use in connection with their operations, but only upon and subject to all the terms and conditions of this Lease; provided, however, that the Lessee shall not assign or permit the assignment of any Unit to service involving the regular operation and maintenance thereof outside the United States of America. The Lessee may receive and retain compensation (subject to the provisions of S 2 hereof) for such use from other railroads and companies so using any of the Units.

Nothing in this S 11 shall be deemed to restrict the right of the Lessee to assign or transfer its leasehold interest under this Lease in the Units or possession of the Units to any railroad corporation incorporated under the laws of any state of the United States of America or the District of Columbia (which shall have duly assumed the obligations of the Lessee hereunder) into or with which the Lessee shall have become merged or consolidated or which shall have acquired the property of the Lessee as an entirety or substantially as an entirety, provided that such assignee or transferee will not, upon the effectiveness of such merger, consolidation or acquisition be in any default under any provision of this Lease, and provided that such assignee shall have a net worth at least equal to or greater than the net worth of Lessee on the date hereof.

All the rights of the Lessor hereunder (including but not limited to the rights under SS 5, 6, 9 and 15 hereof) shall inure to the benefit of the Lessor's assigns, and whenever the term Lessor is used in this Lease, it shall apply and refer to each assignee of the Lessor.

S 12. Right of First Refusal. Lessee shall have absolutely no rights to purchase the Units during or following the term of this Lease and no right to extend the term of this Lease.

S 13. Return of Units Upon Expiration of Term. As soon as practicable on or after the expiration of the term of this Lease with respect to any Unit, the Lessee will, at its own cost and expense, at the request of the Lessor, deliver possession of such Unit to the Lessor upon such storage tracks of the Lessee or other premises as the Lessor reasonably may designate, provided that such storage on the Lessee's storage tracks does not interfere with the operation of the railroad of the Lessee. The Lessee will permit the Lessor to store such Unit on such tracks for a period not exceeding three months and transport the same, at any time within such three-month period, to any reasonable place on the lines of railroad operated by the Lessee, or to any connecting carrier for shipment, all as directed by the Lessor, such movement and storage of any such Unit on the storage tracks of the Lessee to be at the expense and risk of the Lessee. During said three-month storage period and at the expiration thereof, the Lessee agrees to transport the Units to any other reasonable place designated by the Lessor, the movement of such Units to such places (other than to the places set forth in the immediately preceding sentence) to be at the expense and risk of the Lessor except that the Lessee shall pay any such expenses of the Lessor to the extent of any revenues earned by such Units during such movement, and the Lessee shall use its best efforts to realize such revenues on such Units during such movement. During any such storage period the Lessee will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of such Unit, to inspect the same; provided, however, that the Lessee shall not be liable, except in the case of negligence of the Lessee or of its employees or agents, for any injury to, or the death of, any person exercising, either on behalf of the Lessor or any prospective purchaser, the rights of inspection granted under this sentence. The assembling, delivery, storage and transporting of the Units as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises, the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Units. Each Unit returned to the Lessor pursuant to this S 13 shall (i) be in the same operating order, repair and condition as when originally delivered to the Lessee, reasonable wear and tear excepted, and (ii) meet the standards then in effect under the Interchange Rules of the Association of American Railroads and/or the applicable rules of any governmental agency or other organization with jurisdiction.

During the period of time during which the Units are being returned on or after term of this Lease, the Lessee will pay to the Lessor as "holdover rent" for each such Unit being returned, the daily equivalent of the rental payment in effect pursuant to subclause (b) of S 2 of this Lease on the last

rental payment date thereunder for each day elapsed from the date of expiration of the original or any extended term of this Lease, as the case may be, to the date each such Unit is returned to the Lessor pursuant to this S 13.

S 14. Representations and Warranties of Lessee and Opinion of Counsel. The Lessee represents and warrants as follows:

A. the Lessee is a corporation legally incorporated, validly existing and in good standing under the laws of the State of South Carolina, with adequate corporate power to own its properties and to carry on its business as now conducted and to enter into this Lease;

B. this Lease has been duly authorized, executed and delivered by the Lessee and constitutes a legal, valid and binding agreement of the Lessee, enforceable in accordance with its terms;

C. this Lease has been duly filed and recorded with the Interstate Commerce Commission pursuant to Section 20c of the Interstate Commerce Act, and such filing and recordation will protect the Lessor's interests in and to the Units and no filing, recording or deposit (or giving of notice) with any other federal, state, local or foreign government or agency thereof is necessary in order to protect the interests of the Lessor in and to the Units in the United States of America;

D. no approval is required from any public regulatory body with respect to entering into or performance of this Lease;

E. the entering into and performance of this Lease will not result in any breach of, or constitute a default under, any indenture, mortgage, deed of trust, bank loan or credit agreement or other agreement or instrument to which the Lessee is a party or by which it may be bound;

F. no mortgage, deed of trust or other lien of any nature whatsoever which now covers or affects, or which may hereafter cover or affect, any property or interests therein of the Lessee, nor attaches or hereafter will attach to the Units or in any manner affects or will affect adversely the Lessor's right, title and interest therein; provided, however, that such liens may attach to the rights of the Lessee hereunder in and to the Units; and

G. all Units will qualify for "incentive income" as that term is defined in the Interstate Commerce Commission Car Hire Rate Tables, in effect as of the commencement date of the Lease as to such Units.

On each take down of Units (i.e., upon execution of attachments to Annex A) the Lessee will deliver to the Lessor and the Secured Party counterparts of the written opinion of outside counsel for the Lessee, addressed to the Lessor and the Secured Party, in scope and substance satisfactory to the Lessor, the Secured Party and their respective counsel, to the effect set forth in subparagraphs A through G in the immediately preceding paragraph.

S 15. Federal Income Taxes.

(a) This Lease has been entered into on the basis that the Lessor shall be entitled to such deductions, credits and other benefits, except only the Investment Tax Credit under Sections 38 and 50 of the Internal Revenue Code of 1954 (hereinafter called the Investment Tax Credit), as are provided to an owner of property including, without limitation:

(i) the maximum depreciation (hereinafter called the Depreciation Deduction).

(A) based on a 12-year depreciable life authorized with respect to a Unit pursuant to Section 167(m) of the Code for an asset described in Asset Guideline Class No. 00.25 in accordance with the Revenue Procedure 72-10, as supplemented to the date hereof, taking into account an estimated Gross Salvage Value of 20% of the Final Base Price of such Unit which will be reduced by 10% as provided in Section 167(f) of the Code.

(B) utilizing either the "modified half-year" or the "half-year" convention pursuant to Reg. 1.167(a)-11(c)(2), and

(C) using a method of depreciation consisting initially of double declining balance method and thereafter switching to the sum-of-the-years digits method without the consent of the Commissioner of Internal Revenue pursuant to Section 167(m) of the Code and Reg. 1.167(a)-(11)(c); and

(ii) the deduction under Section 163 of the Code (hereinafter called the Interest Deduction) in the full amount of any interest paid or accrued by the Lessor in accordance with the Lessor's method of accounting for tax purposes with respect to the indebtedness owing to Secured Party.

(b) Notwithstanding anything to the contrary contained herein, Lessee represents, warrants and covenants that (i) Lessee and the consolidated federal taxpayer group of which it is a member will file their tax returns and maintain their books and financial statements consistent with the provisions of subsection 15(a) hereof; (ii) neither Lessee nor any corporation controlled by it, in control of it, or under common control with it, directly or indirectly, will at any time take any action to jeopardize the tax benefits anticipated by the Lessor pursuant to subsection 15(a) hereof; and (iii) Lessee shall take all actions and execute such documents as may be reasonable or necessary to facilitate the accomplishment of the intent hereof.

(c) The Investment Tax Credit, if claimable, shall be passed on to and made available by Lessor for the benefit of Lessee. Pursuant to the foregoing sentence, upon the request and at the expense of the Lessee, Lessor will prepare and file with Lessee the statement of property leased during its taxable year with respect to which this election is made and will attach said statement to its federal income tax return filed during the term of this Lease.

(d) If, for any Unit or any part thereof there shall be a disallowance, elimination, reduction or disqualification in whole or in part of any Depreciation Deduction, whether or not Lessor made use of the Deduction, (hereinafter called Loss of Depreciation), Lessee shall pay to Lessor additional rent to compensate the Lessor for the consequent lost cumulative deferral of income tax liability existing thereafter from time to time. Said additional rent, payable as a result of any such Loss, shall be equal to: (i) for the period prior to the payment by the Lessor of additional federal, state and local taxes as a result of such Loss of Depreciation, a sum equal to (A) an amount which, after deduction of all taxes required to be paid by the Lessor in respect of the receipt of such amount under the laws of any federal, state, or local government or taxing authority in the United States, shall be equal to the amount of any interest, penalties, or additions to tax payable by the Lessor as a result of such Loss of Depreciation which are not deductible by the Lessor for federal income tax purposes, plus (B) the amount of any interest, penalties, or additions to tax payable by the Lessor as a result of such Loss of Depreciation which are deductible by the Lessor for federal income tax purposes; and (ii) for the period after such payment by the Lessor, the monthly rental rate shall be increased by such amount for such Unit which, in the reasonable opinion of the Lessor, will cause the

Lessor's after-tax rate of return over the term of the Lease in respect of such Unit to equal the after-tax rate of return that would have been available if the Lessor had been entitled to utilization of all of the Depreciation Deduction and the Lessee shall forthwith pay to the Lessor the amount of any interest which may be assessed by the United States or any state against the Lessor attributable to the Loss of Depreciation.

(e) If, regarding Interest Deduction, there shall be a disallowance, elimination, reduction or disqualification of all or part of same, whether or not Lessor made use of the Deduction, (hereinafter called Loss of Deduction), Lessee shall pay to Lessor additional rent to compensate the Lessor for the additional income tax liability thereby incurred. Said additional rent, payable as a result of any such Loss of Deduction, shall be equal to (i) for the period prior to the payment by the Lessor of additional federal, state and local income taxes as a result of such Loss of Deduction, a sum equal to (A) an amount which, after deduction of all taxes required to be paid by the Lessor in respect of the receipt of such amount under the laws of any federal, state or local government or taxing authority in the United States, shall be equal to the amount of aggregate additional tax liability plus any interest and penalties payable by the Lessor as a result of such Loss of Deduction which are not deductible by the Lessor for federal income tax purposes, plus (B) any interest and penalties payable by the Lessor as a result of such Loss of Deduction which are deductible by the Lessor for federal income tax purposes; and (ii) for the period after such payment by the Lessor, an amount computed separately for each taxable year of the Lessor equal to an amount which, after deduction of all taxes required to be paid by the Lessor in respect of the receipt of such amount under the laws of any federal, state and local government taxing authority in the United States, shall be equal to the amount of additional taxes payable by the Lessor for the taxable year for which this computation is made.

(f) The amount payable pursuant to subsections 15(d) and 15(e) hereof shall be payable upon demand by Lessor, accompanied by a statement describing in reasonable detail the Loss of Depreciation, and/or Loss of Deduction, as the case may be, and setting forth the computation of the amount so payable.

(g) It is the intent of the parties that the Lessor's after-tax rate of return shall not be affected by Loss of Depreciation or Loss of Deduction. It is the further intent of the parties that such return is computed based upon the assumption that the Lessor shall derive full benefit of Depreciation, Deduction and Interest Deduction computed using the maximum corporate income tax rates (federal, state and local) in effect at the date hereof. Computation of the amounts due to the Lessor as a result of these indemnification provisions shall be made in accordance with the above intention and assumptions.

(h) For purposes of this Section 15, a Loss of Depreciation or Loss of Deduction shall occur upon the earliest of (1) the happening of any event (such as disposition or change in use of any Unit) which may cause such Loss of Depreciation or Loss of Deduction; (2) the payment by the Lessor to the Internal Revenue Service of the tax increase resulting from such Loss of Depreciation or Loss of Deduction; (3) the adjustment of the tax return of the Lessor to reflect such Loss of Depreciation or Loss of Deduction; or (4) the determination by Internal Revenue Service that Depreciation Deduction or Interest Deduction are not available with respect to all or any part of the Units. Lessee shall also pay any interest and penalties paid or which would be payable to the taxing authority or jurisdiction if there were no other adjustments to said tax return; provided, however, that interest shall not run after the payment by Lessee to Lessor of the full amount of any indemnification then requested by Lessor.

(i) Lessor shall be responsible for, and shall not be entitled to a payment under this Section 15 on account of, any Loss of Depreciation or Loss of Deduction due to one or more of the following events: (1) a disqualifying disposition due to the sale of any Unit(s) or the lease thereof by Lessor prior to any default by Lessee; or (2) a failure of the Lessor to timely claim Interest Deduction or Depreciation Deduction for the Units in the tax return of the Lessor (or the consolidated federal taxpayer group of which the Lessor is a member); provided that such failure shall not result from consequences or from actions for which the Lessor would have been eligible or allowed to take had the Loss of Depreciation or Loss of Deduction not occurred; or (3) a disqualifying change in the nature of the Lessor's business or liquidation thereof; or (4) a foreclosure by any person holding through Lessor of a lien on any Unit, which foreclosure results solely from an act of Lessor or (5) any event which by the terms of this Lease requires payment by Lessee of the Casualty Value, if such Casualty Value is thereafter actually paid by Lessee, to the extent that such payment reimburses the Lessor for amount(s) otherwise payable by Lessee pursuant to this Section 15.

(j) Upon receipt of formal notification by federal or state taxing authorities of a proposed disallowance or adjustment of any credit or deduction arising from this Lease for which additional rent may be payable by Lessee in accordance with this Section 15 (hereinafter called Disallowance), the Lessor shall promptly notify Lessee of such Disallowance. Upon receipt of a written request from Lessee to contest such Disallowance, and at Lessee's expense, the Lessor shall in good faith use its best effort (determined in the sole discretion of tax counsel of the Lessor to be reasonable, proper and consistent with the overall tax interests of the Lessor) to contest such proposed Disallowance, provided, however, that such Disallowance need not be contested beyond the level of an Internal Revenue Service examining agent unless

and until the Lessor shall have received from independent tax counsel selected by the Lessor and approved by Lessee an opinion to the effect that there is a meritorious defense to such Disallowance. In such event, the Disallowance shall be contested by such appropriate administrative or judicial proceedings as may be determined by the Lessor in its sole discretion.

The Lessor shall not be required to take any action to contest such Disallowance unless and until Lessee shall have agreed to indemnify the Lessor in a manner satisfactory to the Lessor for any liability or loss in connection with this Lease or the transaction contemplated herein which the Lessor may incur as a result of taking such action, and Lessee shall pay the Lessor on demand all out-of-pocket costs and expenses incurred by the Lessor in connection with contesting such Disallowance. Lessee further agrees to abide by the final determination arrived at in any such contest.

(k) All of Lessor's rights and privileges arising from the indemnities contained in this Section 15 shall survive the expiration or other termination of this Lease, and said indemnities are expressly made for the benefit of, and shall be enforceable by Lessor, its successors and assigns.

S 16. Recording; Expenses. Prior to the delivery and acceptance hereunder of any Unit, the Lessee will cause this Lease to be filed and recorded with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act. The Lessee will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, record and deposit (and will refile, reregister, rerecord or re-deposit whenever required) any and all further instruments required by law or reasonably requested by the Lessor or Secured Party for the purpose of proper protection, to the satisfaction of the Lessor or Secured Party, of the Lessor's and Secured Party's respective interests in the Units, or for the purpose of carrying out the intention of this Lease or any security interest of Secured Party and the Lessee will promptly furnish to the Secured Party and the Lessor evidences of all such filing, registering, recording, depositing, refiling, reregistering, rerecording and/or redepositing, and an opinion or opinions of counsel for the Lessee with respect thereto satisfactory to the Secured Party and the Lessor.

The Lessee will pay the expenses of this financing (including commissions, legal fees and printing, etc.) and other related expenses normally associated with such transaction.

S 17. Severability. Any provision of this Lease which is prohibited or unenforceable in any jurisdiction shall be, as to such jurisdiction, ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

S 18. Notices. Any notice required or permitted to be given by either party hereto to the other shall be deemed to have been given when deposited in the United States certified mails, first-class postage prepaid, addressed as follows:

if to the Lessor, Great American Insurance Company,
580 Walnut Street, P. O. Box 2575, Cincinnati, Ohio 45202,
Attention: President, with a copy to Itel Leasing Corporation,
One Embarcadero Center, San Francisco, California 94111,
with a copy to Messrs. Keating, Muething & Klekamp, 18th
Floor, Provident Tower, One East Fourth Street, Cincinnati,
Ohio 45202, attention of Mr. Donald P. Klekamp;

if to the Lessee, at P. O. Box 216, Pickens, South
Carolina 29671;

or addressed to either party at such other address as such party shall hereafter furnish to the other party in writing.

S 19. Effect and Modification of Lease. This Lease exclusively and completely states the rights of the Lessor and the Lessee with respect to the leasing of the Units and supersedes all other agreements, oral or written, with respect thereto. No variation or modification of this Lease and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized officers of the Lessor and the Lessee.

S 20. Execution. This Lease may be executed in several counterparts, each of which so executed shall be deemed to be an original, and such counterparts together shall constitute but one and the same instrument. Although for convenience this Lease is dated as of the date first above set forth, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

S 21. Law Governing. The terms of this Lease and all rights and obligations hereunder shall be governed by the laws of the State of Ohio;

provided, however, that the parties shall be entitled to all rights conferred by Section 20c of the Interstate Commerce Act and such additional rights arising out of the filing, registering, recording or depositing hereof and of any assignment hereof or out of the marking on the Units as shall be conferred by the laws of the several jurisdictions in which this Lease or any assignment hereof shall be filed, registered, recorded or deposited and any rights arising out of the marking on the Units.

IN WITNESS WHEREOF, the parties hereto, each pursuant to due corporate authority, have caused this instrument to be executed in their respective corporate names by duly authorized officers, and their respective corporate seals to be hereunto affixed and duly attested, all as of the date first above written.

GREAT AMERICAN INSURANCE COMPANY

BY: Ronald F Walker
EXECUTIVE VICE PRESIDENT

(Corporate Seal)

Attest:

Sandra W. Hermann
Secretary

PICKENS RAILROAD COMPANY

BY: Ch. A. Mesrobian
Vice President

(Corporate Seal)

Attest:

Charles B. Turnbule
Secretary

STATE OF South Carolina)
COUNTY OF Greenwich) : SS.

On this 3rd day of June, 1976, before me personally appeared John A. Mariscotti, to me personally known, who, being by me duly sworn, says that he is Vice President of PICKENS RAILROAD COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

C. L. Clark

Notary Public

(Notarial Seal)

My Commission Expires: 11/10/79

STATE OF OHIO)
COUNTY OF HAMILTON) : SS.

BEFORE ME, the Subscriber, a Notary Public in and for said County and State, personally appeared Ronald F. Walker, Executive Vice President of GREAT AMERICAN INSURANCE COMPANY, the corporation which executed the foregoing instrument, who acknowledged he did sign said instrument as such officer on behalf of said corporation, and by authority of its Board of Directors, and that the execution of said instrument is his free and voluntary act and deed individually and as such officer, and the free and voluntary act and deed of said corporation.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed my Notarial Seal this 3rd day of June, 1976.

Mary L. Martin

Notary Public

(Notarial Seal)

My Commission Expires:

MARY L. MARTIN
Notary Public, Hamilton County, Ohio
My Commission Expires Feb. 28, 1980

GUARANTY

As part of the consideration for the execution of the foregoing Lease by Great American Insurance Company (hereinafter called the Lessor), and in order to induce the execution thereof, the undersigned does hereby guarantee payment by the Lessee therein designated of all sums to be paid by the Lessee under the terms thereof, and does further guarantee full performance of all acts by the Lessee to be performed thereunder, or under any extensions or modifications thereof. This Guaranty is absolute, continuing and unlimited without regard to the reliability, validity or enforceability of any liability or obligation of the Lessee hereby guaranteed, and Lessor, its successors or assigns, shall not be required to proceed first against Lessee, or against any other person, firm or corporation or against any collateral security held by Lessor before resorting to the undersigned Guarantor for payment.

The undersigned hereby represents and warrants that the Guaranty contained herein is within its authority, and does not violate any provision of its Articles of Incorporation or Bylaws presently in force. The undersigned hereby consents to the forbearance by Lessor or failure of Lessor to enforce any of the rights of Lessor against Lessee and further does hereby consent to the granting of consent by Lessor to any modifications of this Lease which do not increase the amount of the rental payable thereunder. In this respect, the undersigned acknowledges that there has been a separate Guaranty of the Lease executed by Itel Corporation (hereinafter called Itel and Itel Guaranty) with which Itel Guaranty the undersigned is thoroughly familiar. The Itel Guaranty provides Itel with certain options which include (a) Rental moratorium of six months to allow Itel to sell or relet the Units or (b) Extension of the Lease for a period up to ten additional years at a rental which will amortize Lessor's then unamortized costs in the Units with interest at the rate of 11-1/2% per annum in level payments over the extended term of the Lease. The undersigned consents to any such modification to the Lease and agrees to be bound by this Guaranty notwithstanding said modifications, so long as the total amount required to be paid under this Guaranty does not exceed that which is intended to be paid under the Lease as presently constituted.


Further, the undersigned does hereby waive notice of and does hereby consent to the release of any other application of any collateral security by Lessor. The rights of Lessor hereunder are cumulative and this Guaranty shall be governed by the applicable laws of the State of Ohio, and shall be binding upon successors and assigns of the undersigned and shall inure to

the benefit of the successors and assigns of Great American Insurance Company.

IN WITNESS WHEREOF, the undersigned has hereunto set its hand
and seal this 3 day of June, 1976.

NATIONAL RAILWAY UTILIZATION CORP.

BY:


Exec. Vice President

<u>General Specifications and Type</u>	<u>Builder's Plant</u>	<u>Maximum Quantity</u>	<u>Lessee's Road Numbers (Both Inclusive)</u>	<u>Maximum Unit Base Price</u>	<u>Total Base Price</u>	<u>Delivery</u>
70-Ton - 50'6" Steel Single Sheath, Outside Stake Box Car, with Rigid Underframe	Pickens, South Carolina	39	PICK 55561- 55599	\$30,812	\$1,201,668	June 7, thru August 20, 1976, at Builder's Plant

NON-ITC LEASE: FOR CASUALTY PURPOSES ONLY

ANNEX B TO LEASE

<u>Payment No.</u>	<u>Percentage</u>	<u>Payment No.</u>	<u>Percentage</u>
Interim	109.71		
1	109.70	51	93.27
2	109.67	52	92.62
3	109.63	53	91.97
4	109.58	54	91.30
5	109.52	55	90.62
6	109.44	56	89.93
7	109.35	57	89.22
8	109.25	58	88.51
9	109.14	59	87.78
10	109.01	60	87.04
11	108.87	61	86.28
12	108.72	62	85.52
13	108.56	63	84.74
14	108.39	64	83.95
15	108.20	65	83.14
16	108.00	66	82.33
17	107.79	67	81.50
18	107.57	68	80.66
19	107.33	69	79.81
20	107.08	70	78.94
21	106.82	71	78.07
22	106.55	72	77.18
23	106.26	73	76.28
24	105.96	74	75.36
25	105.65	75	74.44
26	105.33	76	73.50
27	105.00	77	72.55
28	104.65	78	71.58
29	104.29	79	70.61
30	103.92	80	69.62
31	103.53	81	68.62
32	103.14	82	67.61
33	102.73	83	66.58
34	102.31	84	65.55
35	101.87	85	64.50
36	101.43	86	63.43
37	101.00	87	62.36
38	100.50	88	61.27
39	100.02	89	60.17
40	99.52	90	59.06
41	99.02	91	57.94
42	98.50	92	56.80
43	97.96	93	55.66
44	97.42	94	54.50
45	96.86	95	53.32
46	96.29	96	52.14
47	95.71	97	50.94
48	95.12	98	49.73
49	94.51	99	48.51
50	93.90	100	47.27

ANNEX B TO LEASE (Cont.)

<u>Payment No.</u>	<u>Percentage</u>	<u>Payment No.</u>	<u>Percentage</u>
101	46.03		
102	44.77		
103	43.50		
104	42.21		
105	40.92		
106	39.61		
107	38.29		
108	36.96		
109	35.61		
110	34.25		
111	32.88		
112	31.50		
113	30.11		
114	28.70		
115	27.28		
116	25.85		
117	24.41		
118	22.95		
119	21.48		
120	20.00		